

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF VIRGINIA  
Richmond Division**

In re:

LECLAIRRYAN PLLC,

Debtor.

Chapter 7

Case No. 19-34574 (KRH)

Lynn L. Tavenner, as Chapter 7 Trustee,

Plaintiff,

v.

Adv. Proc. Nos. 20-03142 (KRH)

and

ULX Partners, LLC, UnitedLex Corporation,  
and ULX Managers, LLC

21-03095 (KRH)

Defendants.

Lynn L. Tavenner, as Chapter 7 Trustee,

Plaintiff,

v.

CVC Capital Partners, Daniel Reed, Nicholas  
Hinton, Josh Rosenfeld, P. Douglas Benson

Defendants.

**NOTICE OF MOTION OF THE UNITED STATES TRUSTEE  
TO FILE A DOCUMENT UNDER SEAL AND RESERVATION OF RIGHTS,  
AND HEARING THEREON**

**PLEASE TAKE NOTICE THAT** the United States Trustee has filed with the Court a **Motion to File a Document Under Seal and Reservation of Rights** (the “Motion”) in the above-captioned case.

Kathryn R. Montgomery, AUST (VSB No. 42380)  
Shannon Pecoraro, Esq. (VSB No. 46864)  
Jason B. Shorter, Esq. (VSB No. 80929)  
Office of the United States Trustee  
701 East Broad Street, Suite 4304  
Richmond, VA 23219  
Telephone: (804) 771-2310  
Facsimile: (704) 771-2330

**Your rights may be affected. You should read these papers carefully and discuss them with your attorney, if you have one in this bankruptcy case. (If you do not have an attorney, you may wish to consult one.)**

**PLEASE TAKE FURTHER NOTICE** that on September 4, 2019, the Court entered the Order Establishing Certain Notice, Case Management and Administrative Procedures [ECF No. 38 in the main case] (the “Case Management Order”), which approved the Notice, Case Management, and Administrative Procedures attached as Exhibit 1 to the Case Management Order (the “Case Management Procedures”). The Case Management Procedures, among other things, prescribe the way Objections must be filed and served and set forth when certain hearings will be conducted. A copy of the Case Management Order may be obtained, free of charge, by written request to [mckeet@gtlaw.com](mailto:mckeet@gtlaw.com), or, for a fee, at <http://ecf.vaeb.uscourts.gov>.

**PLEASE TAKE FURTHER NOTICE** if you do not want the Court to grant the relief sought in the Motion or if you want the Court to consider your views on the Motion, then on or before **one (1) day** before the scheduled hearing date of June 8, 2022, you or your attorney must:

(X) File with the Court, at the address below, a written request for a hearing [or a written response pursuant to Local Bankruptcy Rule 9013-1(H)]. You must mail or otherwise file it early enough so the Court will **receive** it on or before the date stated above.

Clerk of Court  
United States Bankruptcy Court  
701 East Broad Street – Suite 4000  
Richmond, Virginia 23219

You must also mail a copy to:

Kathryn R. Montgomery, Esq., AUST  
Office of the United States Trustee  
701 East Broad Street - Suite 4304  
Richmond, VA 23219

(X) A hearing to consider the Motion is scheduled for **June 8, 2022, at 1:00 p.m., prevailing Eastern Time**, before the Honorable Judge Kevin R. Huennekens. If you object to the Motion, you must file the objection timely with the Court and attend the hearing.

**REMOTE HEARING INFORMATION:** Due to the COVID–19 public health emergency, no in-person hearings are being held. This hearing will take place remotely through Zoom on the date and time scheduled herein.

To appear at the hearing, you must use the following Zoom registration link:

<https://www.zoomgov.com/meeting/register/vJItc--rrz4jHfonPb6c3FARuCippfQvj4g>

Listen-only conference line:

Dial: 1-866-590-5055

Access Code: 4377075  
Security Code: 6822

If you fail to file timely a written response or to attend the hearing, the Court may consider any objection you may have waived and enter an Order granting the relief requested in the Motion.

Respectfully Submitted,

Dated: June 3, 2022

JOHN P. FITZGERALD, III  
Acting United States Trustee Region 4

By: /s/ Kathryn R. Montgomery  
Kathryn R. Montgomery (VSB 42380)  
Assistant United States Trustee  
Office of the United States Trustee  
701 E. Broad St., Ste. 4304  
Richmond, VA 23219  
Ph: (804) 771-2310  
Fax: (804) 771-2330  
[Kathryn.Montgomery@usdoj.gov](mailto:Kathryn.Montgomery@usdoj.gov)

### **CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on this 3rd day of June, 2022, a true and correct copy of the foregoing document was served via first class mail and/or electronic mail upon: (i) all parties and counsel requesting service via the Court's ECF system, (ii) the Defendants, (iii) the 20 largest unsecured creditors as listed on the Debtor's schedules, (iv) the Service List as defined by the governing Case Management Order, (v) Foley & Lardner, (vi) all Persons identified in paragraph 4 of the FAO Procedures Order, and (vii) counsel for the Chapter 7 Trustee.

By: /s/ Kathryn R. Montgomery  
Kathryn R. Montgomery, Esq.

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Defendants.

**MOTION OF THE UNITED STATES TRUSTEE  
TO FILE A DOCUMENT UNDER SEAL AND RESERVATION OF RIGHTS**

John P. Fitzgerald, III, Acting United States Trustee for Region Four (the “United States Trustee”), by and through the undersigned counsel, files this Motion to File a Document Under

Kathryn R. Montgomery, AUST (VSB No. 42380)  
Shannon Pecoraro, Esq. (VSB No. 46864)  
Jason B. Shorter, Esq. (VSB No. 80929)  
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Seal and Reservation of Rights (hereinafter the “Motion”). In support hereof, the United States Trustee respectfully states as follows:<sup>1</sup>

### **INTRODUCTION**

Contemporaneously with the filing of this Motion, the United States Trustee is filing his Opposition to the Chapter 7 Trustee’s Chapter 7 Trustee’s sealed motion (Main Dkt. 1328 and Dkt. 211)<sup>2</sup> (the “9019 Motion”). A hearing on the 9019 Motion is scheduled for June 8, 2022. As the Court is aware, it deferred consideration of certain matters until the hearing scheduled for June 8, 2022, including, but not limited to, a previously filed objection of the United States Trustee to requests of other parties to seal certain items from the Court’s public docket. Because the Court deferred consideration of such matters, it directed that any opposition of the United States Trustee to the 9019 Motion be filed under seal. Therefore, at the request and direction of the Court, but reserving all rights with respect to this matter, including, but not limited to, the United States Trustee’s objection to sealing matters from the docket, the United States Trustee files the Motion herein.

### **JURISDICTION**

1. This Court has jurisdiction of this proceeding pursuant to 28 U.S.C. §§ 157 and 1334, and the delegation made by the United States District Court by Order dated August 15, 1984.
2. The United States Trustee files this Motion in furtherance of his duties and responsibilities pursuant to 28 U.S.C. §586 and 11 U.S.C. § 307.

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<sup>1</sup> Capitalized terms not defined herein shall have the meaning ascribed to them in the 9019 Motion.

<sup>2</sup> “Main Dkt.” refers to the docket in the main Bankruptcy Case. “Dkt.” refers to the docket in the United Lex Adversary Proceeding, while “Reed Dkt.” refers to the docket in the Reed Adversary Proceeding (both as defined herein and, collectively, the “Adversary Proceedings”).

### **FACTUAL BACKGROUND**

3. On October 26, 2020, the Chapter 7 Trustee filed the current adversary proceeding against ULX Partners, LLC and UnitedLex Corporation (as amended, the “UnitedLex Adversary Proceeding”). ULX Partners, LLC, UnitedLex Corporation and ULX Manager, LLC, shall be referred to collectively as the “ULX Defendants.”

4. On September 2, 2021, the Chapter 7 Trustee filed a separate adversary proceeding (No. 21-03095-KRH) (the “Reed Adversary Proceeding”) against CVC Capital Partners as well as UnitedLex Corporation’s Chief Executive Officers, Daniel Reed, its Chief Financial Officer, Nicholas Hinton, as well as Josh Rosenfeld and P. Douglas Benton (collectively the “Reed Defendants”). The ULX Defendants and the Reed Defendants shall be referred to collectively as the “Defendants.” The UnitedLex Adversary Proceeding and Reed Adversary Proceeding shall be referred to collectively as the “Adversary Proceedings.”

5. On February 4, 2022, at the joint request of the Chapter 7 Trustee and the Defendants, the Court entered an Order in the United Lex Adversary Proceeding (the “Mediation Order”) (Dkt. 142) appointing the Honorable Frank J. Santoro, the Chief Judge of the United States Bankruptcy Court for the Eastern District of Virginia, as the judicial mediator (the “Mediator”), to conduct a mediation (the “Mediation”) among the Chapter 7 Trustee, the ULX Defendants, Mr. Reed and Mr. Hinton in their individual capacities, and insurance carriers for the Defendants or Messrs. Hinton or Reed.

6. Between March 5 and April 13, 2022, the parties engaged in Mediation to resolve the Adversary Proceedings.

7. At an April 19, 2022, hearing before this Court, the parties announced that a collective settlement had been reached in the Adversary Proceedings.

8. The material terms of the settlement were set forth on the record with the participation of counsel for the Chapter 7 Trustee and counsel for the Defendants, including Special Insurance Counsel.

9. On May 11, 2022, the Defendants filed a motion to seal certain items related to the settlement. (Main Dkt. 1325 and Dkt. 207).

10. On May 18, 2022, the Chapter 7 Trustee filed her formal 9019 Motion to approve the settlement first announced on April 19, 2022. A hearing on the 9019 Motion is scheduled for June 8, 2022.

11. At a hearing held on May 25, 2022, the Court requested that any opposition to be filed to the 9019 Motion be filed under seal. Therefore, at the Court's request and direction, the United States Trustee files the Motion herein to file his Opposition under seal.

#### **AUTHORITY**

12. Section 107(b) of the Bankruptcy Code authorizes the Court to issue orders to protect entities from potential harm caused by the disclosure of certain categories of information. Section 107(b) states, in part:

On request of a party in interest, the bankruptcy court shall . . .

- (1) Protect an entity with respect to a trade secret, or confidential research, development, or commercial information;
- (2) Protect a person with respect to scandalous or defamatory matter contained in a paper filed in a case under this title.

11 U.S.C. § 107(b)(1), (2).

13. Bankruptcy Rule 9018 also provides in relevant part:

On motion or its own initiative, with or without notice, the court may make any order which justice requires (1) to protect the estate

or any entity in respect of a trade secret or other confidential research, development, or commercial information, (2) to protect any entity against scandalous or defamatory matter contained in any paper filed in a case under the Code . . . .

Fed. R. Bankr. P. 9018.

14. Although the United States Trustee acknowledges that the Court has authority to seal certain matters from public view, he disputes whether his Opposition and the other matters sought to be sealed by the other parties in this cause should be. Nonetheless, appreciating the Court's desire to defer consideration of these matters until the June 8, 2022 hearing, and at the request of the Court at the May 25, 2022 hearing, the United States Trustee files the Motion herein to seal its Opposition to the 9019 Motion.

WHEREFORE, the United States Trustee respectfully requests that this Court (a) grant the Motion herein and seal the United States Trustee's Opposition until the hearing scheduled for June 8, 2022, and (b) that the Court grant the United States Trustee such other and further relief to which he may be entitled.

Respectfully Submitted,

Dated: June 3, 2022

JOHN P. FITZGERALD, III  
Acting United States Trustee Region 4

By: /s/Kathryn R. Montgomery  
Kathryn R. Montgomery (VSB 42380)  
Assistant United States Trustee  
Office of the United States Trustee  
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Richmond, VA 23219  
Ph: (804) 771-2310  
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**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on this 3rd day of June, 2022, a true and correct copy of the foregoing document was served via first class mail and/or electronic mail upon: (i) all parties and counsel requesting service via the Court's ECF system, (ii) the Defendants, (iii) the 20 largest unsecured creditors as listed on the Debtor's schedules, (iv) the Service List as defined by the governing Case Management Order, (v) Foley & Lardner, (vi) all Persons identified in paragraph 4 of the FAO Procedures Order, and (vii) counsel for the Chapter 7 Trustee.

By: /s/ Kathryn R. Montgomery  
Kathryn R. Montgomery, Esq.